



*Andrew Junkin
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Managing Director*

September 19, 2007

Dr. Russell Read
Chief Investment Officer
California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95814

Re: Revision of Investment and Risk Management Policies

Dear Russell,

You requested Wilshire's opinion with respect to Staff's proposed revisions to the Investment and Risk Management Policies. These revisions are part of the ongoing Policy Review project. Wilshire has worked with Staff to develop and write these revisions and recommends that the Policy Subcommittee adopt the proposed revisions.

Each of the six policies covered by this agenda item has been reformatted to comply with the current template in use in the Policy Review project. In addition there have been several minor changes throughout that have been included to further clarify each policy. For example, the Purpose for the Derivatives – Investment Office Policy has been rewritten to make it clear that the policy is intended to “understand and manage the risk attendant in the use of derivatives across CalPERS various portfolios.” We feel clarifications, such as this one, make the policies easier to use and understand.

Wilshire recommends that the Policy Subcommittee approve these revisions as a part of the Policy Review project. Should you require anything further or have any questions, please do not hesitate to contact us.

Best regards,

A handwritten signature in black ink, appearing to read 'Andrew Junkin', is written in a cursive style.